BEST AVAILABLE COPY

TABLE OF CONTENTS

Page

TABLE OF AUTHORITIES i

STATEMENT OF INTEREST 1

SUMMARY OF ARGUMENT 2

ARGUMENT 4

I. Eleventh Amendment Concerns Are Not Implicated By the Issues Raised by this Case and Should Have No Bearing On the Decision of this Court 4

A. Procedural Background 4

B. UC Has No Legitimate Eleventh Amendment Concerns 6

II. 28 U.S.C. § 1407 Does Not Preclude a § 1407 Transferee Court from Transferring a Case to the Multidistrict Venue Pursuant to 28 U.S.C. § 1404 9

III. Even If this Court Determines That a § 1407 Transferee Court Cannot Transfer the Case Under § 1404, this Decision Should Only Be Given Prospective Effect 17

CONCLUSION 22

TABLE OF AUTHORITIES

FEDERAL CASES

Andrus v. Sierra Club.,
442 U.S. 347 (1979) 15

Atascadero State Hosp. v. Scanlon,
473 U.S. 234 (1985) 7

Blum v. Stevenson,
465 U.S. 886 (1984) 10

Caterpillar, Inc. v. Lewis,
117 S. Ct. 467 (1996) 19

Chevron Oil Co. v. Huson,
404 U.S. 97 (1971) 3,17

Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837 (1984) 10,13,14

Coffey v. Van Dorn Iron Works,
796 F.2d 217 (7th Cir. 1986) 16

Continental Grain Co. v. Barge FBL-585,
364 U.S. 19 (1960) 16

Harper v. Virginia Dept. of Taxation,
509 U.S. 86 (1993) 17,18

Hoffman v. Blaski,
363 U.S. 335 (1960) 17

Idaho v. Coeur d'Alene Tribe of Idaho,
117 S. Ct. 2028 (1997) 7

James B. Beam Distilling Co. v. Georgia,
501 U.S. 529 (1990) 17,18

Lexecon Inc. v. Milberg Weiss Bershad Hynes & Lerach, 102 F.3d 1524 (9th Cir. 1996)
cert. granted, 117 S. Ct. 1818 (1997) 10,15

Luckett v. Jett,
966 F.2d 209 (7th Cir. 1992) 18,20

McDonnell Douglas Corp. v. Polin,
429 F.2d 30 (3d Cir. 1970) 13

McKinney v. Pate,
20 F.3d 1550 (11th Cir. 1994),
cert. denied, 513 U.S. 1110 (1995) 18

McMillan Park Comm. v. National Capital Planning Comm'n, 968 F.2d 1283 (D.C. Cir. 1992) 15

Meinerz v. Harding Bros. Oil & Gas Co.,
343 F. Supp. 681 (E.D. Wis. 1972) 13

Moore v. TelFon Communications Corp.,
589 F.2d 959 (9th Cir. 1978) 13

Pathe Computer Control Sys. Corp. v. Kinmont Indus., Inc., 955 F.2d 94 (1st Cir. 1992) 13

Pauley v. BethEnergy Mines Inc.,
501 U.S. 680 (1991) 14

Pennhurst State Sch. & Hosp. v. Halderman,
465 U.S. 89 (1984) 7

Peteet v. Dow Chemical Co.,
868 F.2d 1428 (5th Cir. 1989) 13

Pilkington v. United Airlines, Inc.,
855 F. Supp. 1248 (M.D. Fla. 1994) 13

Port Authority Trans-Hudson Corp. v. Feeney,
495 U.S. 299 (1990) 7

In re Recombinant DNA Technology Patent and Contract Litigation, 30 U.S.P.Q. 2d 1881
(S.D. Ind. 1994) 5

In re Regents of the Univ. of Cal.,
964 F.2d 1128 (Fed. Cir. 1992) 6,8

Ryder v. United States,
515 U.S. 177 (1995) 18

Seminole Tribe of Fla. v. Florida,
116 S. Ct. 1114 (1996) 6,7

Sylvestre v. Oswald,
No. 91 Civ. 5060, 1993 U.S. Dist. LEXIS
14607 (S.D.N.Y. Oct. 15, 1993) 13

The Regents of the Univ. of Cal. v. Eli Lilly and Co.,
39 U.S.P.Q. 2d 1225 (S.D. Ind. 1995),
aff'd in part, No. 96-1175, 1997 U.S. App.
LEXIS 18221 (Fed. Cir. July 22, 1997) .... passim

United States v. Peters,
9 U.S. 115 (1809) 6

Westinghouse Elec. Corp v. Franklin,
993 F.2d 349 (3d Cir. 1993) 18

FEDERAL STATUTES

28 U.S.C. § 1404(a) ..... passim

28 U.S.C. § 1406 14

28 U.S.C. § 1407 ..... passim

28 U.S.C. § 2071(a) 14

OTHER AUTHORITY

Administrative Office of the United States Courts,
Judicial Business of the United States Courts:
1996 Report of the Director 21

15 C. Wright, A. Miller & F. Cooper, *Federal Practice and Procedure*, §§ 3844 and 3866
(2d ed. 1986) 10,13

17 James W. Moore et al., *Moore's Federal Practice*,
§ 111.17 (3d ed. 1997) 13

Hearing on H.R. 8276 Before Subcommittee No. 5
of the Committee on the Judiciary, House
of Representatives, 89th Congress (1966) 12

H.R. Rep. No. 90-1130, (1968)
reprinted in 1968 U.S.C.C.A.N. 1898 11,12

J.P.M.L. Rule 14(b) 14

STATEMENT OF INTEREST

Eli Lilly and Company ("Lilly") is a research-based pharmaceutical company devoted to the development of safe and effective drugs for the treatment of serious medical conditions. Lilly's products include drugs for the treatment of mental illness, such as the antidepressant Prozac®, infectious diseases, such as the antibiotic Keflex®, and metabolic diseases, such as Humulin®, human insulin used for the treatment of diabetes. On average, Lilly's products each require an investment of 350 million dollars and 10 years of testing before they are brought to market. The nature of Lilly's business inevitably results in its involvement in litigated proceedings in the federal district courts, a number of which have been appropriate for multidistrict treatment under 28 U.S.C. § 1407. Chief among these are patent litigations (*see, e.g., In re Recombinant DNA Patent and Contract Litigation*, MDL 912) and product liability litigations (*see, e.g., In re Prozac Products Liability Litigation*, MDL 907). In this regard, the long-standing federal practice under which some or all of the related cases have been "self-transferred" for trial to the court administering the multidistrict litigation has been a source of considerable economy in and a major benefit of such multidistrict proceedings.[1]

Lilly's immediate interest in § 1407 proceedings arises out of its human insulin business. Lilly was the first company to bring to the market a safe and steady supply of human insulin created using "recombinant DNA" technology. The

---

[1] Pursuant to S. Ct. R. 37(6), *amicus curiae* Eli Lilly and Company state that the listed counsel authored the instant brief in whole and that no person or entity other than Eli Lilly and Company made a monetary contribution to the preparation or submission of the brief. Written consent to the filing of this brief has been obtained from the parties and is lodged herewith.

Regents of the University of California ("UC"), Lilly's unsuccessful adversary in a recently concluded patent infringement litigation involving Lilly's human insulin product, has filed a brief, as *amicus curiae,* in the above captioned appeal in support of petitioner. In so doing, UC has mounted a collateral attack on the judgment of a different court of appeals which is not now before this Court and in which UC failed to raise in a timely fashion the issue now before this Court. Because the interests of UC are not those of a disinterested state institution, Lilly submits this *amicus* brief in part to respond to the points raised by UC.

As a litigant in the federal courts, particularly in cases involving complex technological and legal issues, Lilly also has a broader interest in ensuring that courts apply the multidistrict litigation transfer statute in a way which is both consistent with 28 U.S.C. § 1407 *and* best serves the interests of justice by promoting judicial economy. It is Lilly's position that the Judicial Panel on Multidistrict Litigation's ("J.P.M.L.") rule allowing "self transfer" by the § 1407 transferee court is entirely consistent with both the text and legislative history of 28 U.S.C. § 1407 and serves such interests of justice. Indeed, contrary to UC's assertions, the recently concluded litigation between UC and Lilly graphically illustrates the proper functioning of the multidistrict litigation system, as envisioned by Congress, by disposing of unmeritorious claims in the most efficient and expeditious manner possible.

SUMMARY OF ARGUMENT

The 11th Amendment concerns raised by *amicus* UC have no bearing on the issues raised in this case. As will be discussed below, the 11th Amendment immunity simply does not apply where a state is a willing plaintiff in federal court.

Moreover, in cases where a state is a defendant, the 11th Amendment immunity would preclude the entire litigation, unless waived or abrogated by Congress, regardless of whether or not the litigation was consolidated by the J.P.M.L. for pretrial proceedings. Finally, even if the 11th Amendment were somehow implicated by a § 1407 transfer, UC fails to explain how its sovereign immunity would have been preserved if the transferor court decided the transfer motion under 28 U.S.C. § 1404(a) rather than the § 1407 transferee court.

Furthermore, and contrary to the protestations of petitioner and UC, the plain language of 28 U.S.C. § 1407, the accompanying House Report, and the rules of the J.P.M.L. all allow a § 1407 transferee court to transfer the case for trial to the multidistrict venue pursuant to 28 U.S.C. § 1404(a). Indeed, the legislative history for § 1407 demonstrates that Congress specifically intended that such "self-transfers" pursuant to § 1404 would be available for transferring cases to the multidistrict venue for trial.

Finally, even if this Court holds that "self-transfer" is inconsistent with § 1407(a), the Court should not apply its decision retroactively pursuant to *Chevron Oil Co. v. Huson*, 404 U.S. 97, 106-07 (1971), for the following reasons. First, the Court's decision would establish a new principle of law as it overrules clear past precedent on which litigants have relied. Second, the retroactive application of the Court's decision would retard judicial economy in conflict with the very purpose underlying § 1407. Third, the inequity and hardship of retroactive application would be particularly severe by requiring the reversal of a full and fair trial in a judicial district where the litigation could have been brought merely because the wrong judge decided a pretrial transfer motion.

ARGUMENT

I. ELEVENTH AMENDMENT CONCERNS ARE NOT IMPLICATED BY THE ISSUES RAISED BY THIS CASE AND SHOULD HAVE NO BEARING ON THE DECISION OF THIS COURT

In its *amicus* brief, UC seeks to portray itself as a helpless state litigant whose sovereign immunity has been swept away by a district court's flawed application of 28 U.S.C. § 1407 and § 1404. In truth, concepts of sovereign immunity were not implicated in the UC case because UC initiated the lawsuit of which it now complains by voluntarily entering the federal court system and *suing* Lilly for patent infringement. The district court's correct application of §§ 1404 and 1407 allowed the court with the greatest understanding of the complex technology at issue to preside over the trial, under circumstances where the convenience of the parties did not dictate a contrary choice of forum.

A. PROCEDURAL BACKGROUND

In *The Regents of the University of California v. Eli Lilly and Co.*, 39 U.S.P.Q. 2d 1225 (S.D. Ind. 1995), *aff'd in part*, No. 96-1175, 1997 U.S. App. LEXIS 18221 (Fed. Cir. July 22, 1997), UC sued Lilly in the Northern District of California for allegedly infringing two patents. 1997 U.S. App. LEXIS at *2. The J.P.M.L. transferred the case to the United States District Court for the Southern District of Indiana pursuant to 28 U.S.C. § 1407 for coordinated pretrial proceedings with several other cases involving closely related technology and issues. *Id.* at *7. As in the instant appeal, rather than remanding the case to the Northern District of California, the district court pursuant to 28 U.S.C. § 1404(a) transferred the case for trial to the Southern District of Indiana based

primarily on considerations of judicial economy and the fact that the convenience of the parties and witnesses did not dictate a contrary forum.[2] After a trial on the merits, the district court found that the two patents at issue were either invalid or not infringed by Lilly. *UC v. Lilly*, 39 U.S.P.Q.2d at 1258.

On appeal, the Federal Circuit affirmed the district court's decision regarding the propriety of the § 1404 transfer, explaining that "in a case such as this in which several highly technical factual issues are presented and the other relevant factors are in equipoise, the interest of judicial economy may favor transfer to a court that has become familiar with the issues." 1997 U.S. App. LEXIS at *14.[3] The Federal Circuit, however, did *not* reach the specific issue now before this Court because UC *waived* this argument by failing to raise it in its opening brief. *Id.* at *14-15. Furthermore, the Federal Circuit affirmed the district court's judgment that the two patents at issue were either not infringed or invalid. *Id.* at *51.

---

[2] The district court found that (1) it had already gained an understanding of the complex technical issues involved in the case and it would be a waste of judicial resources to have another court duplicate this effort, (2) judicial efficiency heavily favored transferring the action due to the trial court's growing familiarity with such issues, and (3) that the center of the accused infringing activity was located in the multi-district venue. *In re Recombinant DNA Technology Patent and Contract Litigation*, 30 U.S.P.Q. 2d 1881, 1902 (S.D. Ind. 1994).

[3] The convenience of the parties is also advanced by having a judge with such familiarity decide the substantive issues at trial.

B. UC HAS NO LEGITIMATE ELEVENTH AMENDMENT CONCERNS

UC contends that "self-transfer" by a § 1407 transferee court deprives a sovereign of its right to select a forum for its litigation and is thereby inconsistent with the Eleventh Amendment to the Constitution. (UC *amicus* Br. at 4-6.) This argument, however, flows from UC's incorrect view that principles of sovereign immunity are somehow implicated where a state is a *willing plaintiff* in federal court. Not only is UC's novel theory directly contradicted by the jurisprudence of this Court, but it subverts the very policies underlying the 11th Amendment. As will be discussed below, once a state voluntarily enters the federal court system by *suing* another party, it subjects itself to the same rules and statutes that apply to all other litigants. Accordingly, principles of sovereign immunity have no bearing on the particular question raised by this case and should not be considered

The Eleventh Amendment embodies the Constitutional policies that "each State is a sovereign entity in our federal system;" and that "it is inherent in the nature of sovereignty not to be amenable to the suit of an individual without its consent." *Seminole Tribe of Florida v. Florida*, 116 S. Ct. 1114, 1119 (1996). For this reason, the Eleventh Amendment prohibits citizens of another state, or of the same state, from *suing an unconsenting state* in federal court. The sovereignty of the State of California, however, cannot be violated when, as in the *UC v. Lilly* case, the state itself purposefully chooses to bring suit in federal court. *See United States v. Peters*, 9 U.S. 115, 139 (1809) (Marshall, J.) (stating that the Eleventh Amendment simply provides that no suit shall be prosecuted against a state and has no affect on suits brought by states against other parties); *UC v. Lilly*, 1997 U.S. App. LEXIS at *11 ("This is because the Eleventh Amendment applies to suits 'against' a

state, not suits by a state."); *In re the Regents of the Univ. of Cal.*, 964 F.2d 1128, 1134 (Fed. Cir. 1992)(holding that "[t]he Eleventh Amendment is not designed to give procedural advantage to State litigants, but to shield States from unconsented actions against them"). The Federal Circuit specifically stated in the recently concluded *UC v. Lilly* litigation, "we do not believe that the [Supreme] Court has ever so construed the Eleventh Amendment" to apply to situations where the state is a willing plaintiff. 1997 U.S. App. LEXIS at *11. The cases cited in the UC's *amicus* brief involve situations where the state was the defendant, *not* the plaintiff.[4] Moreover, rather than addressing the effect of the 11th Amendment immunity on transfers under §§ 1404 and 1407, UC's cited authority pertains to the level of intent necessary for a state to effectuate a *waiver* of its 11th Amendment immunity.[5]

---

[4] *See e.g., Seminole Tribe v. Florida*, 116 S. Ct. 1114 (1996) (suit against State of Florida); *Pennhurst State Sch. & Hosp. v. Halderman*, 465 U.S. 89 (1984) (suit against officials of State of Pennsylvania); *Port Authority Trans-Hudson Corp. v. Feeney*, 495 U.S. 299, 307 (1990) (suit against entity created by States of New York and New Jersey); *Idaho v. Coeur d'Alene Tribe of Idaho*, 117 S. Ct. 2028, 2035 (1997) (suit against State of Idaho).

[5] The venue concern implicated by the cases cited by UC is whether the state consented to be sued in federal court or state court, *not* whether consent to proceedings in one federal court could preclude transfer to another federal court as suggested by UC. *See, e.g., Port Authority Trans-Hudson Corp. v. Feeney*, 495 U.S. 299, 307 (1990) (holding that the states of New York and New Jersey consented to be sued in *federal* court, rather than *state* court, and thereby waived their Eleventh Amendment immunity); *Pennhurst State Sch. and Hosp. v. Halderman*, 465 U.S. 89, 99 n.9 (1984) ("[T]he Court consistently has held that a State's waiver of sovereign immunity in its own [state] courts is not a waiver of the Eleventh Amendment immunity in the federal courts."); *Atascadero State*

As previously, mentioned, such principles of *waiver* are simply not applicable as the 11th Amendment immunity does not apply where the state is a willing plaintiff.

Accordingly, UC is *not* entitled to choose the forum in which it will proceed to trial, but is *only* entitled to choose to stay out of the federal court system entirely. Once a state decides to enter the federal court system by suing another party, it is loses its 11th Amendment protection and becomes like any other litigant subject to 28 U.S.C. §§ 1404 and 1407. *In re the Regents of the Univ. of Cal.*, 964 F.2d at 1134-35 ("Upon entering the litigation arena the Regents, like all litigants, become subject to the Federal Rules."). Any other rule would transform the state into a "super" litigant, enabling it to turn on and off its sovereign immunity depending on how the case was proceeding.

To summarize, if the state is a plaintiff, then the 11th Amendment immunity is not applicable and the state has no more control over the forum of the litigation than a private plaintiff. If the state is a defendant, then the 11th Amendment immunity is applicable and the suit may be dismissed unless the state has waived its immunity or Congress has abrogated the immunity. In either case, principles of sovereign immunity do not impact the decision regarding whether a § 1407 transferee court can transfer a case to the multidistrict venue for trial. Indeed, under UC's theory, a state would be immune to a transfer motion brought before the court where the case was

---

Hosp. v. Scanlon, 473 U.S. 234, 241 (1985) ("[I]n order for a State statute . . . to constitute a waiver of Eleventh Amendment immunity, it must specify the State's intention to subject itself to suit in *federal court*.").

originally filed.[6] However, even under petitioner's theory of the case, the court where the litigation was originally filed would still have the power to transfer such a case under § 1404. (Pet. Br. at 23 n.7.) Thus, UC's theory regarding a state's right to control the forum of the litigation is not only contrary to the 11th Amendment jurisprudence of this Court, but is also outside the issues raised by the instant case and should not affect this Court's decision in any way.

II. 28 U.S.C. § 1407 DOES NOT PRECLUDE A § 1407 TRANSFEREE COURT FROM TRANSFERRING A CASE TO THE MULTIDISTRICT VENUE PURSUANT TO 28 U.S.C. § 1404

Petitioner and UC argue that the plain language of § 1407 precludes a district court presiding over a multidistrict litigation from transferring a case under § 1404 to the multidistrict venue for trial. In making this argument, they rely on the language from § 1407(a) that "[e]ach action so transferred shall be remanded by the panel at or before the conclusion of such pretrial proceedings to the district from which it was transferred unless it shall have been previously terminated." 28 U.S.C. § 1407(a). However, this language is not dispositive of the issue as it does not preclude, or even address, the issue of transfers under § 1404. The language "each action so transferred" refers to the preceding sentence of § 1407, which states that "transfers shall be made by the *judicial panel on multidistrict litigation*." *Id.* (emphasis added). Thus, the language cited and relied on by the petitioner pertains to the powers of the panel, and does *not* limit or in any

---

[6] In fact, this was the very position argued by UC and rejected by the Federal Circuit in the recently concluded litigation regarding Lilly's human insulin product. 1997 U.S. App. LEXIS at *8-11.

way restrict the powers of a § 1407 transferee judge. As correctly stated by the Ninth Circuit, the "shall be remanded" clause of § 1407(a) was concerned with "creating and defining the functions of the J.P.M.L., not on redefining or circumscribing the traditional powers of the district court to which a case has been transferred." *Lexecon Inc. v. Milberg Weiss Bershad Hynes & Lerach*, 102 F.3d 1524, 1533 (9th Cir. 1996), *cert. granted*, 117 S. Ct. 1818 (1997).

Furthermore, in contrast to § 1407(a), § 1407(b) which pertains to the powers of the transferee judge specifically allows the judge to conduct "pretrial proceedings." Accordingly, as a motion to transfer the venue of trial is presumptively a pretrial motion,[7] the "plain" language of § 1407 allows "self-transfers" of the sort complained of by Petitioner and UC.

Even assuming that the plain language is in fact ambiguous, the applicable legislative history for § 1407 reveals that Congress clearly intended that § 1404 transfers would be available for cases consolidated for multidistrict proceedings. *Blum v. Stevenson*, 465 U.S. 886, 896 (1984)("[W]e look first to the statutory language and then to the legislative history if the statutory language is unclear."); *Chevron, U.S.A., Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 842-43 (1984). The House Report accompanying § 1407 recognizes that, *inter alia*, because trial in the original district is generally preferable for the parties and witnesses and because it may be

---

[7] 15 C. Wright, A. Miller & F. Cooper, *Federal Practice and Procedure*, § 3866, at 620 (2d ed. 1986) ("Furthermore, since a motion to transfer under Section 1404(a) is a pretrial motion, which typically is determined prior to the completion of discovery, it falls naturally within the transferee judge's statutory power to control all pretrial proceedings.")

impracticable to have all the multidistrict cases tried in one court, it is "desirable" that each consolidated case be remanded to the originating district at the close of coordinated pretrial discovery. H.R. Rep. No. 90-1130 (1968), *reprinted in* 1968 U.S.C.C.A.N. 1898, 1901-02. If experience with multidistrict proceedings demonstrates that the actual trial should be held in the multidistrict venue, the House Report also states that only minor amendments could be made to the statute to effectuate this change. *Id.* This language indicates that Congress intended that the *default* situation, *i.e.* the result if no other action were taken, would be one in which each case would be returned to the original judicial district for trial.

The legislative history, however, also explicitly acknowledges that there are times where it would be beneficial to have a case *tried* in the multidistrict forum and specifically recognizes § 1404 as the appropriate vehicle for achieving that end. After discussing the above reasons why trial in the original forum may be preferable, the House report specifically states "[o]f course, 28 U.S.C. 1404, providing for changes of venue generally, is available in those instances where transfer of a case for all purposes is desirable." *Id.* at 1901-02. In this regard, it is important to note that the House Report also states that § 1407 "would not affect the place of trial in any case or exclude the possibility of transfer under other Federal statutes." *Id.* at 1900. Thus, Congress clearly intended that § 1404 transfers would be available for cases consolidated by the J.P.M.L. for pretrial proceedings.

In an attempt to explain this language away, *amicus* UC argues that such language was inserted as an *alternative* to pretrial consolidation under § 1407. (UC *Amicus* Br. at 13.) However, when read in the context of the preceding five sentences of the report, it is clear that although Congress intended that the J.P.M.L. would generally remand the

consolidated cases to the transferor court for trial, Congress understood that the § 1407 transferee court would have the ability to transfer the case to the multidistrict venue if the criteria of § 1404 were satisfied. 1968 U.S.C.C.A.N. at 1901-02. Indeed, in the very litigation that prompted promulgation of § 1407, many of the consolidated cases were tried *not* in the original district but in another judicial district pursuant to § 1404(a). During Congressional hearings on the proposed law, the Executive Secretary to the Coordinating Committee and Multiple Litigation of the Judicial Conference testified regarding the antitrust litigation against the electrical manufacturers industry upon which § 1407 was based. This testimony indicated that § 1404(a) transfers were used "quite widely" to transfer the trial venue of the cases that were part of the coordinated litigation. Hearing on H.R. 8276 Before Subcommittee No. 5 of the Committee on the Judiciary, House of Representatives, 89th Cong. 22 (1966). Furthermore, the Executive Secretary specifically stated with regard to the proposed features of the bill that, "transfer shall take place under the provisions of this bill for the pretrial phase of the litigation, leaving the place of trial where the action began *or in some other district to which the action might conceivably be transferred under the existing provisions of section 1404(a).*" *Id.* at 23 (emphasis added).

Petitioner offers yet a different explanation of the House Report, asserting that the disputed language was intended to authorize the original transferor court, rather than the § 1407 transferee court, to transfer the case to another venue for trial under § 1404. (Pet. Br. at 23 n.7.) However, Petitioner's interpretation leads to the illogical conclusion that a court unfamiliar with the case, the issues, and the parties, should adjudicate the merits of a transfer motion. Such an interpretation directly contradicts the very policies of promoting judicial economy underlying both §§ 1404 and 1407.

Moreover, most cases which are transferred pursuant to § 1404 are done so *before* discovery is complete.[8] Indeed, the fact that discovery on the merits has proceeded and that there has been a delay in seeking a transfer weighs against transferring venue under § 1404(a).[9] Accordingly, such transfers are squarely within the mandate of the § 1407 transferee court's power to conduct *pretrial* proceedings. Therefore, as Congress has clearly expressed its intent that § 1404 transfers are available for cases consolidated for pretrial proceedings under § 1407, "that is the end of the matter." *Chevron*, 467 U.S. at 842-43.

---

[8] 17 James W. Moore et al., *Moore's Federal Practice*, § 111.17 (3d ed. 1997). 15 C. Wright, A. Miller & F. Cooper, *Federal Practice and Procedure*, § 3844 (2d ed. 1986).

[9] *Pathe Computer Control Sys. Corp. v. Kinmont Indus., Inc.*, 955 F.2d 94, 96 (1st Cir. 1992) (Breyer J.) (holding that filing of transfer motion after completion of discovery was merely to delay trial); *Peteet v. Dow Chem. Co.*, 868 F.2d 1428, 1436 (5th Cir. 1989) (holding that eighteen month delay weighs against transfer); *Moore v. Telfon Communications Corp.*, 589 F.2d 959, 968 (9th Cir. 1978) (fact that litigation continued for six years before transfer motion weighed against transferring venue); *McDonnell Douglas Corp. v. Polin*, 429 F.2d 30 (3d Cir. 1970) (reversing district court's decision to postpone decision on transfer motion until after completion of fact discovery); *Pilkington v. United Airlines, Inc.*, 855 F.Supp. 1248, 1250 (M.D. Fla. 1994) (holding that defendants' delay of two years and fact that case was well into discovery weighed against ordering transfer). *Sylvestre v. Oswald*, No. 91 Civ. 5060, 1993 U.S. Dist. LEXIS 14607, at *4 (S.D.N.Y. Oct. 15, 1993) (holding that "delay in raising the issue of transfer favors plaintiffs in the balance of equities."); *Meinerz v. Harding Bros. Oil & Gas Co.*, 343 F.Supp. 681, 682 (E.D. Wis. 1972) (holding that nine month delay weighed against transfer).

However, even assuming that the legislative history does not answer the question at hand, the J.P.M.L. has enacted a specific rule that allows precisely the transfers complained of by both petitioner and UC. Realizing that most complex statutory frameworks leave "gaps" regarding the administration of the statute, Congress specifically authorized the J.P.M.L. to prescribe rules consistent with the acts of Congress and the Federal Rules of Civil Procedure. 28 U.S.C. § 1407(f). Pursuant to this power, the J.P.M.L. enacted rule 14(b), which states:

> Each transferred action that has not been terminated in the transferee district court shall be remanded . . . unless ordered transferred by the *transferee* judge to the transferee or other district under 28 U.S.C. § 1404(a) or 28 U.S.C. § 1406.

J.P.M.L. 14(b) (emphasis added). As Rule 14(b) clearly interprets § 1407 as allowing the "self-transfer" objected to by petitioner and UC, and in the absence of specific guidance from Congress, this Court should examine whether the panel's rule is "based on a permissible construction of the statute." *See Chevron*, 467 U.S. at 843-44 ("Such legislative regulations are given controlling weight unless they are arbitrary, capricious, or manifestly contrary to the statute."); *Pauley v. BethEnergy Mines, Inc.*, 501 U.S. 680, 696 (1991)("When Congress, through express delegation or the introduction of an interpretive gap in the statutory structure, has delegated policymaking authority to an administrative agency, the extent of judicial review of the agency's policy determinations is limited.")[10]

---

[10] Judge Kozinski's dissent argues that the rules of J.P.M.L. should not be provided *Chevron*-like deference because "they do [not] have the dignity of executive branch regulations promulgated pursuant to a substantive grant of rule-making authority." *Lexecon*, 102 F.3d at 1549. Yet, Congress itself has indicated that J.P.M.L. should receive such deference by explicitly granting the panel authority to promulgate the necessary rules to carry out its statutory mandate and specifically stating that the "panel may prescribe rules for the conduct of its business *not inconsistent with* Act of Congress and the Federal Rules of Civil Procedure." 28 U.S.C. § 1407(f) (emphasis added). Indeed, such deference is eminently reasonable as the members of the J.P.M.L. consist of no less than seven federal circuit judges and district judges designated by the Chief Justice of this Court. 28 U.S.C. § 1407(d). As stated by the Ninth Circuit, "[r]espect for our brethren, and their longstanding practice, requires us to presume, absent compelling evidence to the contrary, that the rules promulgated pursuant to section 1407(f) are 'not inconsistent with Acts of Congress.'" 102 F.3d at 1533 n. 7. Furthermore, and contrary to Judge Kozinski's view, Congress afforded *greater* deference to the rules of the J.P.M.L. than to local court rules by specifically using the language "not inconsistent with Acts of Congress" in § 1407(f) rather than the less deferential language of "shall be consistent with Acts of Congress" of § 2071(a). *Compare* 28 U.S.C. § 1407(f) *with* 28 U.S.C. § 2071(a). Accordingly, as the J.P.M.L. is specifically empowered to formulate the necessary rules to effectuate Congress' intent in administering § 1407, the fact that the panel is a *judicial* body does not necessarily mean that it is not entitled to *Chevron*-like deference. *See Andrus v. Sierra Club*, 442 U.S. 347, 358 (1979) (holding that regulations of the Council on Environmental Quality are to be afforded substantial weight); *McMillan Park Comm. v. National Capital Planning Comm'n*, 968 F.2d 1283, 1287-88 (D.C. Cir. 1992) (following *Andrus* and providing *Chevron*-like deference to interpretation of Advisory Council on Historic Preservation).

It is at least a *permissible* construction of the statute for the transferee court to decide a motion to transfer the venue of the trial under § 1404 based on the above discussed legislative history. Indeed, such a construction is particularly compelling

based on the very policies underlying a transfer under § 1404(a). In order to transfer a case under 28 U.S.C. § 1404(a), two criteria must be satisfied: (1) the transfer must be "[f]or the convenience of parties and witnesses, [and] in the interest of justice[;]" and (2) the plaintiff must have been able to bring the action in the new forum. The purpose of this statute is to "protect litigants, witnesses and the public against unnecessary inconvenience and expense." *Continental Grain Co. v. Barge FBL-585*, 364 U.S. 19, 27 (1960). Indeed, these are the same considerations discussed in the House Report for requiring remand to the transferor district as the default situation. Thus, if these factors favor trying the case in another district, it is completely consistent with the policies underlying both § 1407 and § 1404 to do so.

In litigation involving complex subject matter, such as multidistrict litigation, the interests of justice, including principles of judicial economy, "may be determinative to a particular transfer motion." *UC v. Lilly*, 1997 U.S. App. LEXIS at *13 (citing *Coffey v. Van Dorn Iron Works*, 796 F.2d 217, 220 (7th Cir. 1986)). In such situations, it is completely logical and consistent with Congress' goal of promoting judicial economy to have the court already familiar with the parties, the likely witnesses, the facts, and the applicable legal issues adjudicate the merits of a motion to transfer.[11] Furthermore, in

[11] In response, UC advocates that the dictionary definition of the word "transfer" precludes a § 1404 transfer to the multidistrict venue because the term "transfer" is defined by a "move to a different place, region or situation." (UC *Amicus* Br. at 12-13). UC, however, ignores the fact, as previously mentioned, that the *trial* venue remains with the transferor court unless and until it is transferred by the § 1407 transferee judge. Thus, the venue of the *trial* is indeed "moving to a different place," from the transferor venue to the multidistrict transferee venue.

many cases the multidistrict forum will *not* be an appropriate forum under § 1404 because the plaintiff could not have initiated the litigation in the § 1407 transferee district due to considerations of venue and personal jurisdiction. *Hoffman v. Blaski*, 363 U.S. 335, 343-44 (1960) (holding that a case can only be transferred to a district where the plaintiff could have sued the defendant). Accordingly, as both the plain language of 28 U.S.C. § 1407, the House Report accompanying § 1407, and the rules of the J.P.M.L. all provide that a § 1407 transferee court can transfer the place of trial from the transferor court to the § 1407 transferee venue pursuant to § 1404(a), this Court should affirm the well-reasoned opinion of the Ninth Circuit.

III. EVEN IF THIS COURT DETERMINES THAT A § 1407 TRANSFEREE COURT CANNOT TRANSFER THE CASE UNDER § 1404, THIS DECISION SHOULD ONLY BE GIVEN PROSPECTIVE EFFECT

Not all decisions by this Court are applied retroactively to the parties currently before the Court. *Chevron Oil Co. v. Huson*, 404 U.S. 97, 106-107 (1971); *James B. Beam Distilling Co. v. Georgia*, 501 U.S. 529, 534-36 (1991). In *Chevron Oil*, this Court set forth a three-part test to determine whether a decision will apply retroactively or only prospectively: (1) the decision must establish a new principle of law by either overruling clear precedent upon which the parties relied or "by deciding an issue of first impression whose resolution was not clearly foreshadowed;" (2) prospective application of the new rule must not retard the rule's operation based on the rule's history, purpose, and effect; and (3) retroactive application of the new rule would produce a substantial inequitable result. *Chevron Oil*, 404 U.S. at 106-07; *Harper v. Virginia Dept. of Taxation*, 509 U.S. 86, 122 (1993)(O'Connor, J., dissenting).

In applying the *Chevron Oil* three-part test, this Court has either made its decisions fully retroactive (applied to the parties before the Court and all cases currently pending in the system), selectively prospective (applied to the parties before the court but not to the other cases still pending), or purely prospective (applied only to cases filed after the decision). *James B. Beam,* 501 U.S. at 535-36. However, since *Chevron Oil,* the Court has eliminated the doctrine of selective prospectivity, holding that if the Court applies a decision to the parties before the Court it must apply the decision to all pending cases. *Id.* at 543; *Harper,* 509 U.S. at 97. The doctrine of pure prospectivity, however, continues to be viable.[12]

Accordingly, even if this Court determines that a transfer under § 1404(a) is inconsistent with § 1407, the Court should apply its decision only prospectively to cases filed after the date of this decision as demonstrated by a proper evaluation of each of the three *Chevron* factors.

---

[12] *Ryder v. United States*, 115 S. Ct. 2031, 2033 (1995) (questioning validity of *Chevron* but then specifically holding that the case did not involve "the sort of grave disruption or inequity involved in awarding retrospective relief to this petitioner that would bring the Chevron Oil doctrine into play."); *Harper*, 509 U.S. 86, 116 (1993)(O'Connor, J., dissenting)(stating that the majority opinion in *Harper* did not overrule pure prospectivity); *McKinney v. Pate*, 20 F.3d 1550, 1565-66 (11th Cir. 1994) (holding that retroactive effect is a general presumption that may still be rebutted by the *Chevron* analysis), *cert. denied,* 513 U.S. 1110 (1995); *Luckett v. Jett*, 966 F.2d 209, 213 (7th Cir. 1992) (holding that the *Chevron* analysis survived this Court's decision in *Beam* and applying new rule only prospectively); *Westinghouse Elec. Corp. v. Franklin*, 993 F.2d 349, 354 (3d Cir. 1993) (applying *Chevron* analysis after *Beam*).

As admitted by Petitioner, a reversal of the Ninth Circuit's opinion would be directly contrary to the J.P.M.L.'s own rules and clear precedent followed by every court that has considered the issue of so-called "self transfers" over the last thirty years. (Pet. Br. at 25). Moreover, respondent and all other similarly situated litigants participating in multidistrict litigation (including Lilly in the *UC v. Lilly* case) have undeniably relied on this consistent interpretation of the rule. Thus, the first *Chevron* criterion favors prospective application.

The second *Chevron* factor also favors only prospective application. As previously mentioned, Congress enacted § 1407 to promote judicial economy by consolidating cases for pretrial proceedings. It would be manifestly contrary to Congressional intent to require new trials for claims that have already been adjudicated in a forum where jurisdiction and venue would have been proper and where the plaintiff could have originally filed the action. *See Caterpillar, Inc. v. Lewis,* 117 S. Ct. 467, 470 (1996)(holding that "considerations of finality, efficiency, and economy" outweigh a district court's error in not remanding case to state court where district court has jurisdiction at time of judgment).[13] To void such trials

---

[13] UC seeks to distinguish *Caterpillar* by arguing that the jurisdictional defect was there cured, but the jurisdictional defect in the instant case was not cured. (UC *amicus* Br. at 8 n.3.) Yet, in *Caterpillar*, this Court specifically stated "a statutory flaw -- Caterpillar's failure to meet the § 1441(a) requirement that the case be fit for federal adjudication at the time the removal petition is filed -- *remained in the unerasable history of the case*." 117 S. Ct. at 475. Despite this clear statutory flaw, the Court did not vacate the district court's decision because the district court possessed subject matter jurisdiction at the time of trial. *Id.* at 476-77. The Arizona district court, in the instant case, undeniably had jurisdiction over the parties and was a place where the litigation could have been filed. Thus,

simply because the *wrong* court decided the transfer question frustrates the very purpose of Congress in this regard and, therefore, favors prospective application of the decision. Moreover, retroactive application of the Court's decision is not "necessary to insure future compliance" with the rule. *Luckett*, 966 F.2d at 214.

Finally, the third *Chevron* factor overwhelmingly favors prospective application because applying the decision retroactively would impose severe inequity and hardship on the parties and other affected litigants. In the instant case, Respondent was victorious at trial and the decision was affirmed by the Ninth Circuit. In this Court, Petitioners do not even allege that the trial court or the Ninth Circuit committed any substantive errors, but only assert that the wrong court decided the pretrial transfer motion. As mentioned above, to void a full trial and appeal in such circumstances would impose severe prejudice on the Respondent.

While Lilly is not in a position to quantify the prejudice to Respondent, Lilly can quantify the hypothetical prejudice to itself if the trial in the *UC v. Lilly* action were to be voided based on a perceived defect with respect to which federal judge decided the transfer motion.[14] Lilly spent thousands of hours

---

under *Caterpillar*, this Court need not vacate the judgment of the district of Arizona. Indeed, the statutory "flaw " in *Caterpillar* was of a more serious nature than the alleged "flaw " raised by the instant case as *Caterpillar* involved principles of federalism and the proper respect for state courts, while the instant case only concerns a pretrial transfer motion.

[14] The Court's opinion would not actually affect the *UC v. Lilly* case in this regard because *UC* waived the specific issue raised by this case. 1997 U.S. App. LEXIS at *14-15.

and millions of dollars preparing for a bench trial in Indiana. The trial lasted two weeks and was attended by witnesses from Germany, England, Boston, Washington, D.C., Dallas, Chicago, Los Angeles, and San Francisco. The trial judge reviewed a trial record of approximately 10,000 pages and issued a 97 page typed opinion. Hundreds of thousands of dollars were expended briefing and arguing the case before the U.S. Court of Appeals for the Federal Circuit, which deliberated for seven months before delivering a 33 page opinion. If Lilly were required to conduct the jury trial in San Francisco to which UC claims to be entitled, the amount of money and effort that would have to be respent is staggering. That waste would be multiplied dozens if not hundreds of time if applied to all the cases currently in the federal system.[15]

The *UC v. Lilly* litigation tellingly demonstrates how applying the decision retroactively could hypothetically lead to severe inequity merely because the wrong judge decided the transfer motion, particularly where litigants relied on thirty years of uniform interpretation of § 1407. Such inequity is totally unwarranted, particularly where it is not clear whether the original transferor court would have decided a transfer motion any differently than the § 1407 transferee court. Accordingly, for all the above reasons, Lilly submits that if the Court reverses the Ninth Circuit, its decision should only be provided prospective effect.

---

[15] Since 1968, the J.P.M.L. has centralized 109,410 civil actions; 3,757 action have been remanded for trial; 57,116 actions have been terminated by the transferee court; 279 actions have been reassigned within transferee districts; and 48,258 actions remain pending. Administrative Office of the United States Courts, *Judicial Business of the United States Courts*, 1996 Report of the Director at 29.

CONCLUSION

For the foregoing reasons, Lilly, as *amicus curiae*, urges the Court to affirm the decision of the Ninth Circuit in this case.

Respectfully submitted,

Charles E. Lipsey
Counsel of Record
Howard W. Levine
FINNEGAN, HENDERSON,
FARABOW, GARRETT &
DUNNER, L.L.P.
1300 I Street, N.W.
Washington, D.C. 20005-3315
(202) 408-4000

Counsel for Amicus Curiae
Eli Lilly and Company

Of Counsel:
Amy E. Hamilton
ELI LILLY AND COMPANY
Lilly Corporate Center
Indianapolis, Indiana 46285
(317) 276-3169